



April 17, 2007

## **H.R. 1681 - American National Red Cross Governance Modernization Act of 2007**

### **Floor Situation**

H.R. 1681 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. The bill was introduced by Representative Tom Lantos (D-CA) on March 26, 2007. The bill was ordered to be reported, as amended, from Committee on Foreign Affairs, by voice vote, on March 27, 2007.

The bill is expected to be considered on the floor on April 17, 2007.

### **Background**

In February of 2006, the Board of Governors of the American National Red Cross (ANRC) commissioned an independent study of the Board of Governors focusing on areas including the Board's role, composition, size, relationship with management, and whistleblower functions. In October of 2006, the Board of Governors issued a report with the findings of the study with recommendations for changes to be made to the Congressional Charter and bylaws. H.R. 1681 aims to effect the changes to the Congressional Charter and bylaws of the ANRC based on the recommendations of the Board of Governors.

### **Summary**

H.R. 1681:

- Implements a new process for selecting members of the ANRC Board of Governors which entails:
  - Members of the Board of Governors are to be nominated by a committee of the Board of Governors based on the criteria outlined in the Governance Report; and,
  - Nominated members will be considered for approval by the full Board of Governors;
  - Members of the Board of Governors will be elected at the annual meeting of the corporation in accordance with the bylaws, except for the chairman;

- Each member of the Board will serve a term of 3 years, with the terms being staggered by March 31, 2012, so that one-third of the board is elected at each successive annual meeting
- Term limits for each member of the board is subject to the bylaws
- Permits the ANRC to conduct business as the “American Red Cross.”
- Recognizes the ANRC Board of Governors as “the governing body of the corporation with all powers of governing and directing, and of overseeing the management of the business and affairs of, the corporation.”
- Sets the following size constraints to total number of members of the Board of Governors:
  - By March 31, 2009 at least 12 members and no more than 25 members; and,
  - By March 31, 2012 at least 12 members and no more than 20 members.
- Allows for the Board of Governors to recommend to the President an individual to serve as the chairman of the Board. If the recommendation of the Board is approved by the President, then that person will serve as the chairman.
- The Board may:
  - Appoint, from its own members, an executive committee to execute such powers when the Board is not in session;
  - Appoint other committees or advisory councils;
  - Appoint such officers of the corporation (i.e. chief executive officer); and,
  - Remove members of the Board, officers, and employees subject to the bylaws.
- Creates an advisory council that:
  - Must be composed of no fewer than 8 and no more than 10 members, and these members will be appointed by the President from principal officers of the executive departments and senior officers of the Armed Forces (1 to 3 members from the Armed Forces); and,
  - Will advise, report to, and meet, at least once a year, with the Board.

- Allows for action required or permitted to occur during a meeting of the Board to happen without a meeting if all the members of the Board or committee agree in writing.
- Prohibits proxy voting at any meeting of the Board, at the annual meeting, or at any meeting of a chapter, except the Board may allow the election of governors by proxy during an emergency.
- Allows the Board to adopt bylaws to govern the corporation and permits the Board to adopt a separate set of emergency bylaws to be effective only in the event of an emergency.
- Defines the annual meeting of the corporation as the annual meeting of the delegates of the chapters, designates the time and place of the meeting, and outlines voting procedures.
- Strikes the requirement that 9 trustees oversee the Red Cross endowment and gives the corporation the right to prescribe policies and regulations on terms and tenure of office, accountability, and expenses of the board of trustees.
- Requires the corporation to submit to the Secretary of Defense at the end of the fiscal year a report detailing the activities of the corporation during the fiscal year; this report may be changed by the Board.
- Permits the Comptroller General of the United States to review the corporation's involvement in any Federal program or activity the Government carries out under law.
- Requires the corporation to create an Office of the Ombudsman, which will submit an annual report to appropriate Congressional committees. The Ombudsman is charged with the duties of resolving disputes, providing assistance to stakeholders of the ANRC, reporting to the CEO and the audit committee of the ANRC, and has full access to all persons and documents in the ANRC.

### **Cost**

Because the operations of the Red Cross are not reflected in the federal budget, CBO estimates that enacting H.R. 1681 would have no budgetary impact.

### **Staff Contact**

For questions or further information contact Matt Lakin at (202) 226-2302.